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U.S. BARS CHARGES AGAINST A MEXICAN

C.I.A. Fears Spy Network May Suffer if He Is Prosecuted

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Special to The New York Times

WASHINGTON, March 27 — The Justice Department has blocked the indictment of a Mexican in San Diego because the Central Intelligence Agency advised that he was a key American intelligence source in Central America, according to department officials.

The United States Attorney in San Diego, William H. Kennedy, charged Friday that since last November, Justice Department officials have withheld approval to prosecute the man, who is a former chief of Mexico's Directorate of Federal Security. Mr. Kennedy said that the American intelligence agency described him as its "most important source in Mexico and Central America." The Mexican is a suspect in an \$8 million stolen car case.

C.I.A. Upset at Remarks

Senior Justice Department officials today confirmed Mr. Kennedy's account, including the role of the C.I.A., but said they were angered by his comments. They said dismissal of Mr. Kennedy was under consideration. He was appointed to his post last year by President Reagan.

The officials added that the intelligence agency was also distressed by Mr. Kennedy's remarks, made in an interview published Friday in The San Diego Union, because they said he had exposed and jeopardized sensitive international intelligence connections.

Justice Department officials said that the Mexican suspect, Miguel Nassar Haro, started sharing intelligence information with the United States when he became head of the security agency in January 1977.

They said Mr. Nassar, who left his post in January, acted in a liaison capacity between the intelligence agency and the Mexican security agency, assuring cooperation in several intelligence-gathering operations in Central America. The officials declined to provide additional details.

The Mexican authorities reached by telephone today said that the security agency routinely monitored the move-

ments and telephone calls of guerrilla leaders from El Salvador and Guatemala who used Mexico City as a base for international political and propaganda operations.

These authorities, who asked not to be identified, said that sensitive information about Soviet and Cuban assistance to Central American guerrilla forces had been passed on to the Americans by Mr. Nassar.

Limits on Cooperation Feared

The intelligence agency has remained concerned about the Nassar case despite his departure from the Mexican government because it fears that publicity about cooperation between Mexican and American security agencies will force the Mexicans to limit their assistance, according to Justice Department officials.

"The C.I.A.'s main worry all along has been potential damage to the institutional relationship," said a senior department official, who asked not to be named. He added, "It was Nassar's job, not Nassar, that mattered."

The Federal Bureau of Investigation has also received assistance from the Mexican security agency, according to Justice Department officials, and shared some of the same concerns expressed by the intelligence agency.

Stanley Sporkin, the intelligence agency's general counsel, said today that the agency would not comment on the Nassar case or Mr. Kennedy's charges.

Mr. Kennedy could not be reached. A woman who identified herself as his wife said in a brief telephone conversation that he would not comment on the case.

The unfolding story of Mr. Nassar's activities, and the relationship between American and Mexican intelligence agencies, provides an unusual glimpse of the inner workings of the intelligence business, including details about the kind of tradeoffs intelligence officials prefer to keep secret.

For example, according to senior American law-enforcement officials, the intelligence agency and the investi-

gation bureau sharing in

Mr. Nassar after he was implicated in the stolen car case in California.

"We knew he was no angel," said one official, "but you don't have much choice. You can't tell the Mexicans how to run their Government. A lot of times, we don't like their methods, but when you need information, you take what you can get."

Justice Department and intelligence officials discussed the Nassar case on Friday, according to department officials, but it was not clear today whether a decision had been reached. In the San Diego newspaper interview, Mr. Kennedy was quoted as saying, "We repeatedly have voiced the view that prosecution must proceed. No one has said these indictments cannot be returned, but it is still a matter of concern and debate in Washington."

Mr. Kennedy also said he realized the concerns of the C.I.A. "must be factored in," but added, "I'm concerned about the victims — car owners or the insurance companies that paid off claims."

Justice Department officials said that evidence implicating Mr. Nassar in the stolen car case first appeared last year following the indictment of 28 Mexican suspects by a Federal grand jury in San Diego. The Mexicans, including three agents of the Mexican security agency, were charged with stealing nearly 600 cars in Southern California and transporting them to Mexico to be sold at inflated prices totaling more than \$8 million, according to the Justice Department.